

Message Text

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ACTION EUR-12

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TAGS: EFIN, ETRD, PGOV, PINT, GW, GE, WB, US

SUBJECT: GDR-FRG RELATIONS

REF: (A) USMISSION USBERLIN 2251; (B) BONN 18976

1. THE GDR ON DECEMBER 11 GAVE SUBSTANTIAL MEDIA PLAY TO THE INITIALED AGREEMENT ON THE SWING CREDIT AND RELATED GDR PROPOSALS FOR NEGOTIATIONS ON ECONOMIC COOPERATION, ENERGY SUPPLY AND COMMUNICATIONS IMPROVEMENTS. NEUES DEUTSCHLAND (ND) DEVOTED ITS ENTIRE SECOND PAGE TO THESE MATTERS, CARRYING FULL TEXTS OF SWING CREDIT AGREEMENT (IN FORM OF INDENTICAL LETTERS EXCHANGED BY GDR'S BEHRENDT AND FRG'S KLEINDIENST) AND, UNDER SEPARATE HEADLINES TO EMPHASIZE ITS SEPARATE STATE THEORY FOR WEST BERLIN, OF THE AIDE MEMORIES TO THE FRG AND WEST BERLIN SENAT. ND ALSO ANNOUNCED
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THAT AMENDED REGULATIONS PUBLISHED IN THE DECEMBER 10

GDR LEGAL BULLETIN (GESETZBLATT) EXEMPTED PENSIONERS FROM THE MANDATORY CURRENCY EXCHANGE PROGRAM. (TRANSLATIONS OF THE TEXTS WILL BE POUCHED WHEN AVAILABLE.) WEST GERMAN PRESS COMMENTARIES FAVORABLE TO THE GDR ACTIONS AND PRONOUNCEMENTS BY WEST GERMAN COMMUNIST PARTY (DKP) AND WEST BERLIN'S SEW SUPPLEMENTED NO FACTUAL REPORTING.

2. A SIGNED ND LEAD EDITORIAL BY ONE "DR. K" ATTRIBUTED THE GDR SUGGESTIONS FOR "FURTHER NORMALIZATION OF RELATIONS" TO THE SWING CREDIT EXTENSION ANNOUNCED DECEMBER 6, IMPLYING THAT THE FRG TOOK THE FIRST STEP IN ORDER TO BREAK THE LOG JAM AND OBTAIN GDR PROPOSALS ON COMMUNICATIONS IMPROVEMENTS AND ECONOMIC COOPERATION. THE AUTHOR SEES THIS "IMPORTANT FURTHER PROGRESS" IN INNER-GERMAN RELATIONS IN THE CONTEXT OF EUROPEAN DETENTE. HE ALSO OBSERVED THAT THE GDR'S POLICY OF PEACEFUL COEXISTENCE IN GENERAL AND NORMALIZATION OF RELATIONS WITH THE FRG IN PARTICULAR HAD BEEN BLOCKED FOR A TIME BY "UNREALISTIC BEHAVIOR TOWARD THE GDR" BUT THAT THE CURRENT AGREEMENTS AND PROPOSALS PROVIDED THE BASIS FOR "FURTHER STEPS IN THE ESTABLISHED DIRECTION" OF CONSTRUCTIVE DEVELOPMENTS IN GDR RELATIONS WITH STATES OF DIFFERING SOCIAL SYSTEMS.

3. COMMENT: THE GDR WISHES TO PORTRAY THE CURRENT STATE OF AFFAIRS NOT JUST AS A VICTORY FOR ITS SELF-PROCLAIMED POLICIES OF DETENTE AND NORMALIZATION, BUT ALSO AS A BREAKTHROUGH BASED ON A PRIOR FRG SWEETENING OF THE SWING CREDIT. IN ANNOUNCING THE SWING AGREEMENT AHEAD OF SCHEDULE, THE GDR PROBABLY SOUGHT TO CREATE THE IMPRESSION THAT NORMALIZATION OF INNER-GERMAN RELATIONS WAS OF GREATER IMPORTANCE TO THE FRG AND THAT THE GDR THUS HAS AN EDGE IN FURTHER NEGOTIATIONS.

4. THE EXTENSION AND "SIGNIFICANT" ENLARGEMENT OF THE INTEREST-FREE SWING CREDIT FOR A PERIOD OF SIX YEARS, THAT IS, BEYOND THE END OF THE NEXT FIVE YEAR PLAN PERIOD (1976-80), IS A WELCOME DEVELOPMENT FOR THE GDR. IT SHOULD PROVIDE SCOPE FOR A RESUMED GROWTH OF INNER-LIMITED OFFICIAL USE

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GERMAN TRADE, ALTHOUGH THE ABILITY OF THE GDR TO DRAW DOWN ON THIS CREDIT WILL BE, AS BEFORE, DEPENDENT ON ITS SUCCESS IN DELIVERING MORE GOODS AND SERVICES TO THE FRG. THE EAST GERMAN COMMUNICATION MAKES CLEAR THAT ANY MEASURES IMPLEMENTED CAN IMPOSE NO ADDITIONAL ECONOMIC BURDENS ON THE GDR. SUCH ECONOMIC CONSIDERATIONS MAY WELL BE DECISIVE IN DETERMINING HOW MANY PROJECTS ARE UNDERTAKEN AND THE PACE AT WHICH THEY

ARE INCEPTED.COOPERA

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